

Kentucky's housing market reflects the healthy growth of the industry nationally and the median sale price of homes in Kentucky ranks among the lowest in the U.S. Just as the state offers a diverse combination of rural and metropolitan life, the availability of housing ranges from starter homes to executive homes. The lower than national average cost of living makes owning a home more affordable in Kentucky. Homeowners across the Commonwealth enjoy economical utility rates, low property taxes, and quality schools.

- Kentucky's residential average revenue per kilowatthour, 2004 was the second lowest in the nation at 6.11 cents per Kwh. The national average was 7.62 cents per Kwh. (*Energy Information Administration*)
- Kentucky per capita state and local property taxes are the 6th lowest in the nation. (*Morgan Quitno State Rankings 2006*)
- Median value of owner-occupied housing in 2004 ranked 10th lowest nationally: \$98,438. The national median in 2004 was \$151,366. (*Morgan Quitno State Rankings 2006*)
- Kentucky ranked 14th in home ownership rate for 2004: 73.3%. The national average homeownership rate was 69%. (*U.S. Census Bureau*)
- Kentucky ranked 30th nationally in 2004 for new housing units authorized with 19,943. (*Morgan Quitno State Rankings 2006*)
- Residents of Kentucky's major metropolitan areas of Louisville, Lexington, and Cincinnati/Northern Kentucky benefit from housing costs significantly below the national average. In 2004 nationally, a median priced existing single family home cost \$184,100 compared to \$131,500 in Louisville, \$138,700 in Lexington, and \$142,500 in the Cincinnati, Ohio/Kentucky/Indiana metropolitan area.

Kentucky Housing Affordability Index

As of the second quarter of 2004, the Kentucky Housing Affordability Index (HAI) was 272. This indicates that a family earning the average household income is earning 2.72 times the income needed to qualify for a loan to purchase a median-priced home with prevailing mortgage interest rates and a 20% down payment. This also means that the average-income family can qualify for a loan to purchase a home that is 172% more expensive than the median-priced home. The current average household income in Kentucky is estimated at \$66,591. With the median home price estimated to be \$109,384, a 172% increase would amount to \$297,524. Thus, the average-income household in the Commonwealth of Kentucky can afford to buy a \$297,524 house while the median price of homes sold is only \$109,384. The result is that the residents of Kentucky continue to have very affordable housing as well as the financial means to buy more expensive homes.

In comparison, the national median sales price for the second quarter of 2004 was \$183,500. Based on the national household average income of \$85,383 and an average interest rate of 5.7%, the national housing affordability index for the second quarter of 2004 stood at 201. Thus, relative to the nation, Kentuckians tend to spend less of their income on housing leaving more income for non-housing needs.

Source: (*University of Kentucky Center for Real Estate Studies*)

Median Sales Price of Existing Single-Family Homes for Selected Metropolitan Areas (2004)	
Atlanta, Georgia	\$156,900
Birmingham, Alabama	146,600
Charleston, W. Virginia	111,300
Charlotte, N. Carolina	168,000
Chicago, Illinois	240,100
Cincinnati, Ohio/Ky/In	142,500
Columbia, S. Carolina	123,400
Columbus, OH	146,700
Greensboro, N. Carolina	139,800
Indianapolis, Indiana	121,700
Jacksonville, Florida	150,700
Lexington, Kentucky	138,700
Louisville, Kentucky	131,500
Knoxville, Tennessee	132,200
Richmond, Virginia	170,700
St. Louis, Missouri	128,700
United States	184,100
Source: National Association of Realtors.	

Median Sale Price for Residential Sales, Selected Kentucky Counties (July 1, 2004 – December 31, 2004)		
	Median Sale Price	Number of Homes Sold
Boone	\$149,000	939
Boyd	65,000	225
Boyle	99,500	151
Calloway	83,450	194
Christian	78,800	275
Daviess	82,750	544
Fayette	131,500	2,769
Graves	65,000	169
Hardin	110,400	529
Henderson	91,500	194
Jefferson	133,000	3,554
Laurel	90,750	272
Pike	76,250	130
Simpson	76,500	126
Taylor	61,300	146
Warren	108,000	471
Source: Kentucky Revenue Cabinet.		

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